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14 August 1963

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR
FROM : Acting Chief, Publications Staff, ORR
SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 63-66,
Supply of Petroleum to Cuba January - June 1963, 14 August 1963,
SECRET/NO FOREIGN DISSEM, be forwarded as follows:

<u>Copy No.</u>	<u>Recipient</u>
✓ 172	Ass't. Secretary of State for Latin American Affairs Mr. J. Sterling Cottrell Room 6223, New State
✓ 173	Mr. Don Hart INR/RAR Room 7637, New State
✓ 174	Mr. Califano (for Secretary of Army, Vance) Room 3E985, The Pentagon
✓ 175	Mr. Gordon Chase c/o Mr. McGeorge Bundy The White House
✓ 176	Mr. Robert Mandelstam ISA/OSD Room 4E842, The Pentagon
✓ 177	Mr. John Ford Policy Planning Staff Room 761, New State

ACTION COMPLETED

The dissemination requested by
this memorandum has been completed.

BY: KS

Date: 15 August 63

6 Attachments

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Current Support Brief

SUPPLY OF PETROLEUM TO CUBA
JANUARY-JUNE 1963



CIA/RR CB 63-66

14 August 1963

CENTRAL INTELLIGENCE AGENCY
Office of Research and Reports

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S-E-C-R-E-T

SUPPLY OF PETROLEUM TO CUBA*
JANUARY-JUNE 1963

Imports of crude oil and petroleum products by Cuba during the first 6 months of 1963 -- more than 2.1 million tons** -- represented slightly more than a 10-percent decline from such imports during the first half of 1962 but no change from imports during the second half of 1962 (see the Table). If imports in the second half of 1963 continue at the same rate, and it seems likely that they will, Cuba will import more than 4.2 million tons of crude oil and petroleum products in 1963 -- about 300,000 tons, or about 7 percent, less than the quantity imported in 1962. Except for three small shipments of lubricating oil from Rumania, all of Cuba's petroleum needs during 1963 have been supplied by the USSR. These imports of petroleum are believed to be meeting the basic requirements of the Cuban economy.

A sharp decline in the import of petroleum products, primarily diesel fuel and residual fuel oil, was only partly offset by an increase in the import of crude oil. Total imports of petroleum products during the first half of 1963 -- 180,000 tons -- were equivalent to only 26 percent of the quantity of petroleum products imported during the first half of 1962. A comparison with imports in the second half of 1962, however, shows a decline of slightly more than 10 percent. Imports of crude oil increased from 1.7 million tons during the first half of 1962 to an estimated 1.9 million tons during the first half of 1963, although shipments from the USSR to Cuba during the first half of 1963 reportedly were delayed by extreme weather conditions. Evidence supports the belief that actual deliveries were below Cuban requests.

The indicated decline, which began in the second half of 1962, in the import of petroleum products, especially in fuel oil and diesel fuel, may be explained by a variety of reasons. First, contingency storage

* For an analysis of imports of petroleum by Cuba in 1962, see CIA/RR CB 63-6, Supply of Oil to Cuba Reaches All-Time Peak in 1962, 18 February 1963, SECRET.

** All tonnages are given in metric tons.

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probably was filled to capacity early in 1962, and the present rate of import of petroleum may represent current demand. Second, the conversion of the catalytic cracking unit at the former ESSO refinery into a crude oil processing unit probably has increased production of heavier products, such as residual fuel oil. The current unwillingness of the Cubans to supply bunkers to vessels would reduce the need for imports of fuel. Finally, the decrease in demand may reflect reduced activity in the sugar refining industry and in other industries.

Imports of lubricating oils and greases for the first half of 1963 covered a wide variety of needs, including a full line of oils for internal combustion engines. The USSR continues to supply -- either in the form of finished products or blending components for making such products -- the Cuban demand for heavy-duty lubricating oils in sufficient quantity and quality to service the equipment now in use in Cuba.

Cuba is completely dependent on the USSR for aviation gasoline and jet fuel because the Cuban refineries are unable to produce aviation gasoline and, while they probably could produce a jet fuel, they do not seem to be doing so. There are indications that the USSR was either unwilling or unable to supply all of the jet fuel requested by Cuba during the first half of 1963. During this period, imports of aircraft engine fuels totaled 14,000 tons -- 6,000 tons of jet fuel and 8,000 tons of aviation gasoline. Past experience shows that imports of aviation gasoline and jet fuel may be sporadic, that is, shipments in sizable quantities over a short period of time followed by a longer period of no shipments. For example, large quantities of aviation gasoline and jet fuel were delivered to Cuba in the second half of 1962, compared with small shipments in the first half of that year.

About two-thirds of the petroleum shipped to Cuba during the first half of 1963 was carried in Bloc tankers; this represented no change from the participation of Bloc tankers in petroleum deliveries during the preceding 6 months. About 97 percent of the petroleum shipped to Cuba originated at Black Sea ports, the remainder at Baltic ports. By way of comparison, 91 percent of the petroleum shipped to Cuba in the first half of 1962 originated at Black Sea ports.

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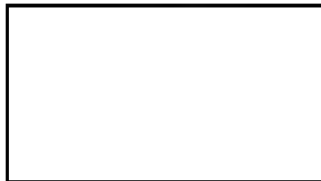
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There is no information available on planned imports of petroleum during the second half of 1963. Because the delivery of crude oil in the first half of 1963 apparently was below requirements, imports may be stepped up during the second half of the year, but not sufficiently to restore total imports for 1963 to the 1962 level.

Analyst:

Coord:



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Table

Cuba: Composition and Value of Petroleum Imports a/
First Half 1962, Second Half 1962, and First Half 1963

Commodity	First Half 1962		Second Half 1962		First Half 1963	
	Thousand Metric Tons	Thousand US \$ <u>b/</u>	Thousand Metric Tons	Thousand US \$ <u>b/</u>	Thousand Metric Tons	Thousand US \$ <u>b/</u>
Crude Oil	1,700	18,000	1,900	21,000	1,900	21,000
Petroleum Products	702	11,000	208	3,000	180	3,000
Total	<u>2,400</u>	<u>29,000</u>	<u>2,100</u>	<u>24,000</u>	<u>2,100</u>	<u>24,000</u>

a. Totals are rounded to two significant figures and may not always agree with the sum of the components.

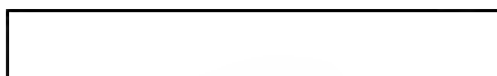
b. FOB point of origin. Value has been based on 1961 prices.

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